

MARCH 23, 1976

COMMUNIST EUROPE -- COMRADE BUSINESSMEN

ANNCR:

THE ANNUAL EUROPEAN ECONOMIC COMMISSION REPORT ON THE SOVIET UNION AND EASTERN EUROPE REVEALS SOME LITTLE KNOWN FACTS ABOUT BUSINESS WAYS OF COMMUNIST COUNTRIES. WE HAVE A REPORT FROM VOA CORRESPONDENT MARK HOPKINS IN MUNICH.

VOICE:

THE TREND IN THE SOVIET UNION AND EASTERN EUROPE, ACCORDING TO THE EUROPEAN ECONOMIC COMMISSION, IS TO BORROW MORE AND GO DEEPER INTO DEBT. FOR THE SOVIET UNION, AT LEAST, IT IS AN UNUSUAL PATTERN. SOVIET PLANNERS HAVE USUALLY BEEN CONSERVATIVE -- BUY WHAT YOU CAN PAY FOR, NO MORE.

THAT PATTERN IS CHANGING. SOVIET AND EAST EUROPEAN GOVERNMENTS NOW WANT WESTERN, AND JAPANESE CREDITS, TECHNOLOGY AND EQUIPMENT. AND, THE ECONOMIC COMMISSION REPORT SHOWS, THEY ARE WILLING TO SELL GOLD, BORROW THOUSANDS OF MILLIONS OF DOLLARS, AND GO INTO DEBT TO GET WHAT THEY BELIEVE IS ESSENTIAL TO DEVELOP THEIR INDUSTRIES.

ONE WAY THAT EUROPEAN COMMUNIST COUNTRIES HAVE DEALT WITH THEIR ECONOMIC PROBLEMS SEEMS RIGHT OUT OF A PAGE ON CAPITALIST FINANCING. THE ECONOMIC COMMISSION REPORTS THAT THE SOVIET UNION AND EAST EUROPEAN COUNTRIES HAVE ESTABLISHED THIRTY BANKS IN THE WEST TO DRAW IN HARD CURRENCY. THE BANKS, OFTEN PARTLY OWNED BY WESTERN FINANCIAL ORGANIZATIONS, SELL EUROPEAN BONDS, LOAN MONEY AND JOIN WITH WESTERN BANKS TO ARRANGE CREDITS. COMMUNIST COUNTRIES ARE ALSO DIRECTLY SELLING BONDS IN EUROPE -- AS MUCH AS ONE THOUSAND MILLION DOLLARS SINCE NINETEEN SEVENTY-TWO. THEY HAVE BORROWED NEARLY TWICE THAT MUCH FROM OIL

PRODUCING STATES. AND THEY HAVE GOTTEN EUROPEAN CURRENCY LOANS SINCE NINETEEN SEVENTY-ONE TOTALING MORE THAN EIGHT THOUSAND MILLION DOLLARS.

WHAT THE EUROPEAN ECONOMIC COMMISSION REPORT SHOWS IS THAT THE SOVIET UNION AND COMMUNIST EAST EUROPEAN COUNTRIES ARE NOW WILLING TO GO DEEP INTO DEBT TO PAY FOR WESTERN TECHNOLOGY AND EQUIPMENT. THE DEBT IN TRADE -- THAT IS, WHAT THESE COUNTRIES IMPORTED, BUT COULD NOT PAY FOR WITH THEIR OWN EXPORTS -- COMES TO ABOUT FIFTEEN THOUSAND MILLION DOLLARS. THE SOVIET TRADE DEFICIT ALONE IS EXPECTED TO BE ABOUT FIVE THOUSAND MILLION DOLLARS FOR JUST LAST YEAR -- A SUM EQUAL TO ABOUT TEN PERCENT OF THE TOTAL SOVIET FOREIGN TRADE.

TO PAY FOR WHAT THEY WANT TO BUY, THE SOVIET UNION AND EAST EUROPEAN COUNTRIES GENERALLY HAVE DONE TWO THINGS, THE EUROPEAN ECONOMIC COMMISSION SAYS. ONE, THEY GET CREDITS -- NOW TOTALING ABOUT TEN THOUSAND MILLION DOLLARS FROM WESTERN EUROPE AND JAPAN. AND TWO, THE SOVIET UNION SELLS GOLD. THE ECONOMIC COMMISSION CONSERVATIVELY ESTIMATES THAT SOVIET GOLD SALES FOR JUST THE FIRST EIGHT MONTHS OF LAST YEAR TOTALED FIVE HUNDRED MILLION DOLLARS, AND THREE TIMES THAT DURING THE PREVIOUS FOUR YEARS.

IN CONTRAST TO SOME ESTIMATES, THE ECONOMIC COMMISSION FORECASTS GROWING EAST-WEST TRADE THIS YEAR. THERE ARE NEW BUSINESS CONTRACTS, IT SAYS, AND THE SOVIET UNION, IT PREDICTS, WILL CONTINUE TO BUY GRAIN.

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JS/CAK